REMARKS

Applicants respectfully request reconsideration of the application.

Claims 1, 2, 6, 10, 11, and 15 are rejected under 35 U.S.C. 102(e) as being anticipated by U.S. Patent No. 5,680,619 to Gudmundson et al. ("Gudmundson").

Claim 16 is rejected under 35 U.S.C. 102(e) as being anticipated by U.S. Patent No. 5,689,626 to Conley ("Conley").

Claims 3, 4, 7, 12, 13, and 17 are rejected under 35 U.S.C. 103(a) as being unpatentable over Gudmundson in view of Conley.

Claims 5, 8, 9, 14 and 18-23 are indicated as being allowable if rewritten in independent form. These claims are re-written in independent form with no change in claim scope.

Claim 16 is canceled without prejudice. Applicants reserve the right to pursue claim 16 in a related application.

Claim 1

The Office has interpreted the term "object" in claim 1 to encompass electronic objects, and in particular, computer program code in an object oriented programming model as described in Gudmundson. As amended, claim 1 is re-directed to physical objects. The cited art fails to teach the novel combination of elements in claim 1 relating to a physical object and an object identifier encoded in a machine readable signal carrier on the physical object as claimed.

The claims dependent on claim 1 are patentable for the same reasons as claim 1.

Claim 3

Claim 3 stands rejected over a combination of Gudmundson and Conley. These references fail to teach "watermark identifiers which are embedded in watermarks on corresponding objects by altering signals that are to form part of the objects to embed the object identifiers in the signals in a machine readable form" in combination with the other elements of claim 3. In Conley, the term "watermark" refers to a word or image that appears in the background of a printed page of a document. See Col. 1, line 21. This word or image is stored in a separate file from the document. When the document is printed with a watermark in Conley, the watermark image is blended as a background image with a foreground image of the document page. See Col. 5, line 18. The Office contends that Conley's watermark file identifier is equivalent to the claimed watermark identifier.

PATENT Attorney's Matter No. 60310

JRM:lmp 5/10/04

However, these file identifiers are not embedded in watermarks on corresponding objects by altering signals that are to form part of the objects to embed the object identifiers in the signals in a machine readable form.

Conley's watermarks are also not equivalent to the claimed watermark because they are not embedded in watermarks on corresponding objects by altering signals that are to form part of the objects to embed the object identifiers in the signals in a machine readable form. Gudmundson, as noted in the Action, fails to disclose the claimed watermark identifiers. Therefore, the combined teachings of the cited art fail to teach all of the elements of claim 3.

The claims dependent on claim 3 are patentable for the same reasons as claim 3.

Claim 10

The cited art fails to teach "database is operable to initiate the behavior in response to receiving an object identifier decoded from machine readable code on the physical object" in combination with the other elements of claim 10.

The claims dependent on claim 10 are patentable for the same reasons as claim 10.

Claim 17

The cited art fail to provide any teaching about decoding a watermark embedded into an image printed on a sticker as claimed. Conley merely teaches that a watermark file is associated with a document via a file identifier. This watermark file contains content that is printed in the background of the document. Conley fails to teach any method of decoding Conley's watermark from an image printed on a sticker as claimed. Gudmundson also fails to disclose these aspects of claim 17. Therefore, the combined teachings of Conley and Gudmundson fail to teach all of the elements of

claim 17.

Date: May 10, 2004

Respectfully submitted,

DIGIMARC CORPORATION

Customer Number 23735

Telephone: 503-885-9699

FAX: 503-885-9880

Yoel R. Meyer

Registration No. 37,677